

Message Text

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PAGE 01 STATE 222505

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ORIGIN SNM-02

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DRAFTED BY: S/NM: HRWELLMAN

APPROVED BBY: S/NM: HRWELLMAN

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R 231955Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L STATE 222505

FOLLOWING ORIGINALLY SENT ACTION LA PAZ FROM SECSTATE NOV 10
REPEATED TO GENEVA AND LIMA FROM SECSTATE NOV 12 REPEATED YOU:

QUOTE

C O N F I D E N T I A L STATE 222505

E.O. 11652:GDS

TAGS: SNAR, BL

SUBJECT: COCA CROP SUBSTITUTION

REF: LA PAZ 6305

1. THE DEPARTMENT HAS REVIEWED THE TENTATIVE CROP
SUBSTITUTION PROPOSAL ADVANCED BY PRESIDENT BANZER IN
MEETING WITH AMBASSADOR (REFTEL). WHILE THE DEPARTMENT
APPRECIATES BANZER'S INTEREST IN NARCOTICS CONTROL AND GOB'S
CONTINUING COOPERATION, IT DOES NOT BELIEVE THAT CROP
SUBSTITUTION OFFERS MOST EFFECTIVE OR ECONOMIC MEANS TO
CONTROL ILLICIT PRODUCTION OF COCAINE IN BOLIVIA. IN ANY
EVENT, USG IS NOT PREPARED TO ENTER INTO A GRANT FUNDING
COMMITMENT FOR A LONG-TERM CROP SUBSTITUTION PROGRAM SUCH
AS APPARENTLY ENVISAGED BY BANZER.

2. THE DEPARTMENT BELIEVES THAT OUR IMMEDIATE NARCOTICS
CONTROL ASSISTANCE PRIORITIES IN BOLIVIA SHOULD BE IN THE
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PAGE 02 STATE 222505

ENFORCEMENT AND LEGISLATIVE REFORM FIELDS, AS PROVIDED IN

THE APPROVED NARCOTICS CONTROL ACTION PLAN. DEPARTMENT ALSO BELIEVES USG SHOULD POINT OUT TO THE GOB THAT ADOPTION OF A COMPREHENSIVE COCA PRODUCTION CONTROL PROGRAM IS AN ESSENTIAL PREREQUISITE FOR ELIMINATING ILLICIT PRODUCTION OF COCAINE.

3. LOOKING FURTHER AHEAD, IT IS ALSO EVIDENT THAT EXTENSIVE

ADDITIONAL STUDY WOULD BE REQUIRED BEFORE GOB COULD EMBARK ON CROP SUBSTITUTION. USAID-FINANCED COCA STUDY, WHICH FLAWED IN MANY RESPECTS, IS INTERNALLY INCONSISTENT AS TO SUBSTITUTE CROPS HAVING AS HIGH A RATE OF RETURN AS COCA. (FOR EXAMPLE, WHILE STUDY INDICATED THAT BANANAS FOR DOMESTIC CONSUMPTION MIGHT OFFER A RELATIVELY HIGH RETURN, IT DOES NOT ATTEMPT TO ASSESS DEMAND ELASTICITY WHICH MAY BE VERY LOW. IF THIS IS THE CASE, INCREASED BANANA PRODUCTION WOULD DEPRESS DOMESTIC BANANA PRICES, REDUCING RATE OF RETURN). RUSH UNQUOTE RUSH

UNQUOTE KISSINGER

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